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File: Records, 1981-1985
Folder Title: Soviet Bloc Economic and Financial
Situation Update: (07/02/1982) (2)
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File Folder SOVIET BLOC ECONOMIC AND FINANCIAL SITUATION
UPDATES (7/2/82) (2)

FOIA

F03-002/5

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126

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
169080	CABLE		1	6/25/1982	B1
169081	CABLE	PARIS 2619 R 6/3/2013 CREST NLR-748-19-48-1-4	1	6/30/1982	B1
169082	CABLE	RE USSR	1	6/30/1982	B1
169083	CABLE		2	6/30/1982	B1
169084	REPORT	RE USSR GRAIN (PAGE 4 ONLY) PAR 10/11/2010 CREST NLR-748-19-48-2-3	1	6/28/1982	B1
169085	CABLE		2	6/23/1982	B1
169086	CABLE	240705 JUN 82	1	6/24/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

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169099	REPORT	RE HUNGARY (PAGE 2 ONLY) PAR 10/11/2010 CREST NLR-748-19-48-4-1	1	6/26/1982	B1
169087	CABLE	242000Z JUN 82 R 6/3/2013 CREST NLR-748-19-48-5-0	2	6/24/1982	B1
169090	CABLE		1	6/30/1983	B1
169091	CABLE	302039Z JUN 82	2	6/30/1982	B1
169092	REPORT		1	ND	B1
169093	REPORT	291731Z JUN 82	1	6/29/1982	B1
169094	REPORT	302059Z JUN 82	1	6/30/1982	B1

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169096	CABLE		1	6/24/1982	B1
169097	CABLE		2	6/24/1982	B1
169098	CABLE		2	6/25/1982	B1

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<i>ID</i>	<i>Document Type</i>	<i>No of pages</i>	<i>Doc Date</i>	<i>Restrictions</i>
169080	CABLE	1	6/25/1982	B1

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169081
N 4
update

PAGE 01
EOB868

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~~C O N F I D E N T I A L~~ PARIS 22619

BRUSSELS ALSO FOR USEC
E. O. 12065: GDS 6/30/88 (ELY, MICHAEL E. C.) OR-E
TAGS: ENRG, FR, UR, ETRD, ESTC
SUBJECT: SIBERIAN GAS PIPELINE PROJECT: MEETING SCHEDULED
IN MOSCOW JULY 6-7
REF: PARIS 5928

DECLASSIFIED
NLRR 74879-481-4
BY LCB NARA DATE 9/3/85

1. ~~CONF~~ - ENTIRE TEXT.
 2. EMBASSY HAS BEEN TOLD BY EXECUTIVE OF ALSTHOM ATLANTIQUE (AA) THAT SOVIET SIBERIAN GAS PIPELINE PROJECT AUTHORITIES HAVE CALLED A MEETING IN MOSCOW JULY 6 AND 7 WITH REPRESENTATIVES OF MANNESMANN AND CREUSOT-LOIRE TO DISCUSS THE EFFECTS OF THE U. S. EMBARGO OF TECHNOLOGY ON THE PROJECT. THE AA EXECUTIVE BELIEVES THAT THE SOVIETS INTEND AT THAT MEETING TO TAKE DECISIONS ON ALTERNATIVES TO THE USE OF U. S. -ORIGIN TECHNOLOGY FOR THE PIPELINE COMPRESSOR STATION EQUIPMENT.
 3. AA EXECUTIVE WAS ASKED ABOUT POSSIBILITY THAT BROWN BOVERI OF SWITZERLAND, IN LIGHT OF RECENT SOVIET DISCUSSIONS WITH THE FIRM, MIGHT PRODUCE TURBINES FOR THE PIPELINE USING ITS OWN AND PERHAPS SOVIET TECHNOLOGY AND WITH THE ASSISTANCE OF ITS LICENSEES. HE WAS DOUBTFUL THAT BROWN BOVERI COULD PRODUCE ADEQUATE TURBINES IN AN ACCEPTABLE TIME FRAME BECAUSE IT AND ITS SMALL NETWORK OF LICENSEES LACKED THE NECESSARY PRODUCTION CAPACITY.
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169082	CABLE RE USSR	1	6/30/1982	B1

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169083	CABLE	2	6/30/1982	B1

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USSR: Grain Prospects Worsen

The Soviets probably can hope for a total grain crop this year of only 185 million tons. (S NF WN)

Sustained hot, dry winds struck the principal grain regions of the USSR from 13 to 19 June, severely damaging winter grains, especially in the Volga Valley. The spring grains were in a less susceptible growth stage.

[Redacted]

25X

[Redacted]

(S NF WN)

25X

Comment: If the hot winds persist or are followed by drought, the total crop could be in the range of the 158 million tons harvested last year. It will be possible to make a more precise estimate of the crop by mid-July. (S NF WN)

To avoid consumer unrest, the regime probably will continue to import as much grain, feedstuffs and quality foods as scarce hard currency and port capacity allow. The USSR reportedly has lined up more than 17 million tons of grain from non-US sources for delivery during the year beginning on 1 July. These sources could provide possibly another 15 million tons, but Moscow will have to look to the US if it is to buy much over 32 million tons. (S NF WN)

By purchasing some 50 million tons and harvesting 185 million tons, Moscow could avoid distress slaughtering of livestock and increase output of livestock products slightly in 1982. With imports of meat at the record levels of last year, per capita consumption of livestock products could be sustained at the same levels. (S NF WN)

If the grain crop is much below 185 million tons, the resulting lackluster agricultural performance will aggravate the controversy over President Brezhnev's food program. This would become an important issue among those competing to succeed him. (S NF WN) -CIA, NSA-

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NLRR *CREST*

BY *CN* NARA DATE *1/13/12*

Excerpt from NID
of June 28, 1982
Review June 28, 2012

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28 June 1982

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169085	CABLE	2	6/23/1982	B1

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169086	CABLE	1	6/24/1982	B1
	240705 JUN 82			

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169099	REPORT RE HUNGARY (PAGE 2 ONLY)	1	6/26/1982	B1

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(69099)

HUNGARY: Financial Crisis Looms

Hungary may be in deep financial difficulty despite its reputation for having the best managed economy in Eastern Europe. (C)

Hungarian data show that in the first quarter of 1982 Budapest's hard currency reserves dropped from \$1.8 billion to \$375 million--less than one month's worth of imports. The Hungarians have received \$210 million from the Bank for International Settlements to meet obligations during the second quarter, but they need at least \$450 million to cover debt repayments and \$500 million to rebuild reserves during the last half of the year. (C)

The Hungarians have made slow progress in lining up funds. Hungary is seeking \$250 million from Western banks, \$300 million more from the BIS, \$100 million in guaranteed trade credits, and \$500 million from the IMF. At least some of the IMF funds would have to be used to pay off the BIS. (C)

The US Embassy in Budapest reports that many Western banks remain unenthusiastic about the commercial loan and are waiting to see whether Hungary obtains more money from the BIS and improves its trade performance. The BIS, in turn, reportedly will not release more funds until Hungary receives the commercial loan from Western banks. (C)

Comment: If Hungary fails to arrange these credits, it may have to request a rescheduling of its debts in the next few months. Even these loans may be insufficient. Hungary's borrowing needs may be as much as \$300-400 million greater than it expects unless it makes difficult reductions in its imports soon. (C) -CIA, DIA, NSA-

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BY *GN*

NARA DATE

1/13/12

Excerpt from NID
Review June 26, 2012

26 June 1982

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BY CCS NARA DATE 9/3/85

~~C O N F I D E N T I A L~~ STATE 175672

EXDIS
E. O. 12065: RDS-3 6/23/02 (SCANLAN, J. D.)
TAGS: EFIN, IMF, EEWT, HU
SUBJECT: HUNGARY'S FINANCIAL SITUATION

REF: BUDAPEST 3561

1. ~~(C-ENTIRE~~ TEXT)

2. SUMMARY. DEPARTMENT (EUR/EEY) WAS GIVEN ON JUNE 22 A RELATIVELY OPTIMISTIC APPRAISAL OF THE PROSPECTS FOR THE "CLUB" LOAN FOR HUNGARY ALONG WITH A PESSIMISTIC VIEW OF THE HUNGARIAN'S CHANCES FOR AVOIDING RESCHEDULING. END SUMMARY.

3. PAUL MCCARTHY, VICE PRESIDENT OF CHEMICAL BANK N. Y. (PROTECT), GAVE THE FOLLOWING RUNDOWN ON THE PROGRESS OF THE "CLUB" LOAN: (1) THERE ARE REASONABLY FIRM COMMITMENTS FROM FOUR LARGE U. S. BANKS (CITIBANK, MANUFACTURER'S HANOVER, CHEMICAL AND MORGAN) ALTHOUGH NO BANK YET HAS FINALLY COMMITTED ITSELF TO PARTICIPATION; (2) FOREIGN BANKS WHICH MAY PARTICIPATE INCLUDE DRESDNER, DEUTSCHE BANK, KREDIT EINSTALT, LLOYDS, NATIONAL WESTMINSTER, AND FOUR JAPANESE BANKS; (3) TWO LARGE FRENCH BANKS WHICH HAD APPEARED TO BE ON BOARD ARE "SUDDENLY NON-COMMITTAL." COMMENT: THIS COULD, WE

FEAR, BE CONNECTED WITH THE CAMDESSUS DEMARCHE TO MEISSNER REQUESTING A U. S. POLITICAL SIGNAL OF SUPPORT FOR HUNGARY IN THE FORM OF A PUBLIC STATEMENT SUPPORTING AN "ECONOMICALLY SOUND IMF STANDBY PROGRAM FOR HUNGARY." END COMMENT.

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EXDIS

4. OVERALL, HOWEVER, MCCARTHY THOUGHT THE PROSPECT FOR SUCCESS OF THE LOAN LOOKED "PRETTY GOOD." MANUFACTURER'S HANOVER WILL TELEX THE TERMS AND CONDITIONS OF THE PROPOSED LOAN TO PROSPECTIVE PARTICIPANTS IN THE NEXT FEW DAYS, ASKING FOR FORMAL COMMITMENTS BY BANKS. LOAN COMMITMENTS WOULD BE MADE CONDITIONAL, HOWEVER, ON BIS AGREEMENT TO EXTEND THE THIRD LOAN TRANCHE OF DOLLARS 300 MILLION TO HUNGARY.

EXDIS

5. MCCARTHY IS CONVINCED THAT HUNGARY WILL BE FORCED TO RESCHEDULE THIS YEAR. HE CLAIMED THAT THE FINANCIAL PROJECTIONS CONTAINED IN THE MH INFORMATION MEMORANDUM ARE LACED WITH "UNREALISTIC ASSUMPTIONS," INCLUDING ASSERTIONS THAT:

-- BANKS WOULD REINSTATE DOLLARS 300 MILLION IN SHORT TERM DEPOSITS WITH THE NATIONAL BANK OF HUNGARY (NBH) DURING THE LAST HALF OF 1982. THESE DEPOSITS WERE WITHDRAWN DURING THE FIRST HALF OF THE YEAR.

-- HUNGARY WOULD BE ABLE TO BORROW DOLLARS ONE BILLION ON THE EUROMARKET DURING 1983. (THE CREDIT SQUEEZE IS GETTING TIGHTER IN EUROPE RATHER THAN LOOSENING, ACCORDING TO MCCARTHY.)

-- ALL THE PROJECTED LOAN EFFORTS WOULD MEET WITH SUCCESS, I. E., DOLLARS 250 "CLUB" LOAN, DOLLARS 300 BIS, AND DOLLARS 500 IMF).

EXDIS

6. COMMENT: MCCARTHY IS A FORMER U. S. TREASURY OFFICIAL KNOWN FOR HIS PESSIMISTIC OUTLOOK ON EASTERN EUROPEAN DEBT QUESTIONS. NEVERTHELESS, HE REPRESENTS AN IMPORTANT SEGMENT OF BANK OPINION. END COMMENT.

EXDIS

7. WE ALSO SPOKE WITH GREG FAGER OF FIRST NATIONAL BANK OF CHICAGO. FIRST CHICAGO IS DEFINITELY NOT INVOLVED IN THE HUNGARIAN LOAN EFFORT; IN FACT, IT IS ACTIVELY REDUCING EXPOSURE TO EASTERN EUROPE WHEREVER POSSIBLE AND ADVISED NBH DURING A RECENT VISIT TO HUNGARY NOT TO ATTEMPT ANY NEW LOANS BEFORE YEAR'S END BECAUSE THEY PROBABLY WOULD FAIL. FAGER SAID THAT NBH SOURCES IN

BUDAPEST TOLD HIM THEY HAVE BEGUN DISCUSSIONS WITH THE IMF ON A PROGRAM WHICH WOULD PERMIT DRAWING OF DOLLARS 300 MILLION BY THE END OF THE YEAR. FAGER ALSO SAID HE WAS TOLD THAT THE USSR INTENDS TO CUT SUPPLIES OF OIL TO HUNGARY BY 20 PERCENT THIS YEAR. (IT WAS UNCLEAR WHETHER THIS WOULD BE DOWN FROM THE 1980 OR 1981 LEVEL.) - -

8. COMMENT: FAGER MAY HAVE CONFUSED THE CUTS IN THE FIVE-YEAR PLAN WITH THOSE PLANNED FOR THIS YEAR. END COMMENT. HAIG
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169090	CABLE	1	6/30/1983	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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169091	CABLE 302039Z JUN 82	2	6/30/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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169092	REPORT	1	ND	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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169093	REPORT 291731Z JUN 82	1	6/29/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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169094	REPORT 302059Z JUN 82	1	6/30/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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169095	CABLE	3	6/25/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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169096	CABLE	1	6/24/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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169097	CABLE	2	6/24/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

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169098	CABLE	2	6/25/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
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SUBJECT: SOVIET BLOC ECONOMIC & FINACIAL SITUATION UPDATE 29

ACTION: FOR INFORMATION

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